
TABLE OF CONTENTS

SECTION 100. INTRODUCTION TO PRICE-BASED REIMBURSEMENT SYSTEM	Page 6
SECTION 110. PARTICIPATION REQUIREMENTS	Page 7
SECTION 120. PAYMENTS FOR SERVICES TO MEDICARE/ MEDICAID RESIDENTS	Page 8
SECTION 130. PRICE-BASED NF REIMBURSEMENT METHODOLOGY	Page 8
SECTION 140. PRICE-BASED NF REIMBURSEMENT CALCULATION	Page 12
SECTION 150. ON-SITE REVIEWS AND VALIDATION	Page 14
SECTION 160. LIMITATION ON CHARGES TO RESIDENTS	Page 14
SECTION 170. REIMBURSEMENT FOR REQUIRED SERVICES UNDER THE PRE-ADMISSION SCREENING RESIDENT REVIEW (PASRR)	Page 15
SECTION 180. NF PROTECTION PERIOD AND BUDGET CONSTRAINTS	Page 15
SECTION 190. ANCILLARY SERVICES	Page 16
SECTION 200. REIMBURSEMENT REVIEW AND APPEAL	Page 16
SECTION 210. COST REPORT INSTRUCTIONS FOR PRICE-BASED	Page 17
SECTION 1. SCHEDULE NF-1 – PROVIDER INFORMATION	Page 17
SECTION 2. SCHEDULE NF-2 – WAGE AND SALARY INFORMATION	Page 17
SECTION 3. SCHEDULE NF-3 – STAFF INFORMATION	Page 18
SECTION 4. SCHEDULE NF-7 – ALLOCATION STATISTICS	Page 20
SECTION 5. SCHEDULE NF-8 – MISCELANEOUS INFORMATION	Page 21

SECTION 220. INTRODUCTION TO COST-BASED REIMBURSEMENT SYSTEM	Page 22
SECTION 230. PARTICIPATION REQUIREMENT	Page 23
SECTION 240. REIMBURSEMENT FOR REQUIRED SERVICES UNDER THE PRE-ADMISSION SCREENING RESIDENT REVIEW (PASRR) FOR VENTILATOR UNITS, BRAIN INJURY UNITS, IMD'S, AND PEDIATRIC FACILITIES	Page 23
SECTION 250. LIMITATION ON CHARGES TO RESIDENTS	Page 23
SECTION 260. ROUTINE COST	Page 24
SECTION 270. ANCILLARY SERVICES	Page 26
SECTION 280. INFLATION FACTOR	Page 27
SECTION 290. PROSPECTIVE RATE COMPUTATION	Page 28
SECTION 300. ADJUSTMENT TO PROSPECTIVE RATE	Page 28
SECTION 310. RATE ADJUSTMENT FOR PROVIDER TAX	Page 30
SECTION 320. OTHER OBRA NURSING HOME REFORM COST	Page 30
SECTION 330. PAYMENT OF SPECIAL PROGRAMS CLASSES	Page 31
SECTION 340. PAYMENT FOR ANCILLARY SERVICES	Page 32
SECTION 350. RETROACTIVE ADJUSTMENT FOR ROUTINE SERVICES	Page 33
SECTION 360. RETROACTIVE ADJUSTMENT FOR ANCILLARY SERVICES	Page 34
SECTION 370. PAYMENTS FOR SERVICES TO MEDICARE/ MEDICAID RESIDENTS	Page 36
SECTION 380. RETURN ON EQUITY OF PROPRIETARY PROVIDERS	Page 36
SECTION 390. DESK REVIEW AND FIELD AUDIT FUNCTION	Page 36
SECTION 400. REIMBURSEMENT REVIEW AND APPEAL	Page 37
SECTION 410. INTRODUCTION TO PROVIDER COST THAT ARE REIMBURSABLE	Page 37
SECTION 420. ADEQUATE COST DATA	Page 38
SECTION 430. APPORTIONMENT OF ALLOWABLE COST	Page 40
SECTION 440. COST REPORTING	Page 40

SECTION 450. BASIS OF ASSETS	Page 41
SECTION 460. DEPRECIATION EXPENSE	Page 42
SECTION 470. INTEREST EXPENSE	Page 43
SECTION 480. FACILITY LEASE OR RENT ARRANGEMENTS	Page 47
SECTION 490. CAPITAL LEASE	Page 48
SECTION 500. AMORTIZATION OF ORGANIZATION AND START-UP COSTS	Page 48
SECTION 510. ACCELERATED DEPRECIATION TO ENCOURAGE REFINANCING	Page 48
SECTION 520. BAD DEBTS, CHARITY, AND COURTESY ALLOWANCES	Page 49
SECTION 530. COST OF EDUCATIONAL ACTIVITIES	Page 50
SECTION 540. RESEARCH COSTS	Page 51
SECTION 550. GRANTS, GIFTS, AND INCOME FROM ENDOWMENTS	Page 51
SECTION 560. VALUE OF SERVICES OF NONPAID WORKERS	Page 51
SECTION 570. PURCHASE DISCOUNTS AND ALLOWANCE AND REFUNDS OF EXPENSES	Page 53
SECTION 580. COST TO RELATED ORGANIZATIONS	Page 53
SECTION 590. DETERMINATION OF ALLOWABLE COST OF SERVICES, SUPPLIES, AND EQUIPMENT	Page 55
SECTION 600. COST RELATED TO RESIDENT CARE	Page 56
SECTION 610. REIMBURSEMENT FOR SERVICES OF PHYSICIANS	Page 56
SECTION 620. MOTOR VEHICLES	Page 56
SECTION 630. COMPENSATION OF OWNERS	Page 57
SECTION 640. OTHER COSTS	Page 61
SECTION 650. ANCILLARY COST	Page 62
SECTION 660. UNALLOWABLE COSTS	Page 63
SECTION 670. SCHEDULE OF IMPLEMENTATION	Page 64
SECTION 680. INTRODUCTION TO THE COST-BASED PAYMENT SYSTEM	Page 64

SECTION 690. OCCUPANCY LIMITATION EXCEPTIONS	Page 65
SECTION 700. DEFINITION OF ROUTINE AND ANCILLARY SERVICES	Page 65
SECTION 710. LEASE OR RENT ARRANGEMENTS	Page 65
SECTION 720. ALLOWABLE COST BASIS ON PURCHASE OF FACILITY AS AN ONGOING OPERATION	Page 65
SECTION 730. INTEREST EXPENSE – EXCEPTION TO BORROWER LENDER RELATIONSHIP	Page 65
SECTION 740. REIMBURSEMENT FOR SERVICES OR PHYSICIANS, DENTISTS, AND HOSPITALS	Page 66
SECTION 750. EDUCATIONAL COST	Page 66
SECTION 760. PURCHASE AND DISPOSAL OF SPECIALIZED MEDICAL EQUIPMENT	Page 67
SECTION 770. INTRODUCTION TO INSTITUTE FOR MENTAL DISEASE	Page 67
SECTION 780. DEFINITION	Page 68
SECTION 790. INTRODUCTION TO DUAL LICENSE PEDIATRIC FACILITY	Page 68
SECTION 800. DEFINITION	Page 68
SECTION 810. INTRODUCTION TO THE COST-BASED NURSING FACILITY COST REPORT	Page 69
SECTION 1. SCHEDULE A - CERTIFICATION AND OTHER DATA	Page 69
SECTION 2. SCHEDULE B - STATEMENT OF INCOME AND EXPENSE	Page 70
SECTION 3. SCHEDULE C – BALANCE SHEET AND COMPUTATION OF EQUITY CAPITAL	Page 71
SECTION 4. SCHEDULE C 1 ADJUSTMENT TO EQUITY CAPITAL	Page 73
SECTION 5. OVERVIEW OF THE ALLOCATION PROCESS - SCHEDULE D-1 THROUGH D-5	Page 73
SECTION 6. SCHEDULE D-1 – NURSING SERVICES COST	Page 75
SECTION 7. SCHEDULE D-2 – OTHER CARE RELATED COSTS	Page 76

SECTION 8. SCHEDULE D-3 – OTHER OPERATING COST	Page 78
SECTION 9. SCHEDULE D-4 – CAPITAL COST	Page 79
SECTION 10. SCHEDULE D-5 – ANCILLARY COSTS	Page 80
SECTION 11. SCHEDULE D-6 – RECLASSIFICATION OF EXPENSES	Page 81
SECTION 12. SCHEDULE D-7 – ADJUSTMENT TO EXPENSES	Page 81
SECTION 13. SCHEDULE E – ANCILLARY SERVICES	Page 82
SECTION 14. SCHEDULE F – ALLOCATION STATISTICS	Page 82

SECTION 100. INTRODUCTION TO PRICE – BASED REIMBURSEMENT SYSTEM

- A. January 1, 2000, a price-based reimbursement system will be implemented to reimburse a nursing facility (NF), a nursing facility with waiver (NF-W), a hospital based nursing facility (NF-HB) and a nursing facility with a mental retardation specialty (NF-MRS Beginning).
- B. The price-based system is a reimbursement methodology based on a standard price set for a day of service as opposed to reimbursing facilities based on the latest submitted cost report. The standard price is based on reasonable, standardized wage rates, staffing ratios, benefits and absenteeism factors and "other cost" percentages.
- C. A rate model was developed which resolves issues inherent in the current system reflects current reimbursement methodology trends and satisfies the needs of the Department and the Provider community. The goal of the price-based methodology was to develop a uniform, acuity adjustment rate structure that would pay a nursing facility the same reimbursement for the same type of resident served. This rate structure accounts for resource utilization and allows rates to increase annually by an appropriate inflationary factor. The rate model is market based and accounts for the higher wage rates urban facilities must pay their employees; therefore the urban average rate is slightly higher than the rural. The rate does not distinguish between hospital based and freestanding facilities.
- D. This payment method is designed to achieve three major objectives:
 - 1. To assure that needed nursing facility care is available for all eligible recipients including those with higher care needs; and,
 - 2. To provide an equitable basis for both urban and rural facilities to participate in the Program; and,
 - 3. To assure Program control and cost containment consistent with the public interest and the required level of care.
- E. The system is designed to provide a reasonable reimbursement for providers serving the same type of residents in the nursing facility and to provide for a reasonable rate of return on the provider's investment.

- F. The price-based model reimbursement methodology provides for a facility specific capital cost add-on calculated using the E.H. Boeckh System, a commercial valuation system that estimates the depreciated and non-depreciated replacement cost of a facility.
- G. The Office of Inspector General has required the submission of the Minimum Data Set (MDS) since 1992 and DMS sought to use a tool familiar to the nursing facility industry in order to calculate case-mix. The case-mix portion of the rate will utilize the MDS 2.0 and the Resource Utilization Group (RUG) III to calculate the individual facility's average case-mix.
- H. The case-mix portion of the rate will be adjusted quarterly to reflect the facility's most recent case-mix assessment and to adjust the direct care and non-personnel operation costs (supplies, etc.) portion of the standard price for the current quarter.

SECTION 110. PARTICIPATION REQUIREMENTS

- A. The facilities referenced in Section one hundred (100) shall be reimbursed using the methodology described in 907 KAR 1:065. These facilities shall be licensed by the state survey agency (Office of Inspector General) for the Commonwealth of Kentucky and certified for Medicaid participation by the Department for Medicaid Services.
- B. A nursing facility, except a nursing facility with waiver, choosing to participate in the Medicaid Program will be required to have twenty (20) percent of its Medicaid certified beds participate in the Medicare program or ten (10) of its Medicaid beds participating in the Medicare program whichever is greater. If the NF has less than ten (10) beds all of its beds shall participate in the Medicare Program.
- C. The Medicaid Program shall reimburse all Medicaid beds in a nursing facility at the same rate. The Medicaid rate established for a facility is the average rate for all Medicaid participating beds in that individual facility.

SECTION 120. PAYMENTS FOR SERVICES TO MEDICARE/MEDICAID RESIDENTS

- A. Dually eligible residents and residents eligible for both Medicare and Medicaid (non-QMB) shall be required to Exhaust any applicable benefits under Title XVIII (Part A and Part B) prior to coverage under the Medicaid Program.
- B. APPLICATION. Services received by a resident that are reimbursable by Medicare shall be billed first to the Medicare Program. Any appropriate co-insurance or deductible payment due from the Medicaid Program shall be paid outside the Cost-based facility Cost-Related Payment System in a manner prescribed by the Department for Medicaid Services. Co-insurance and deductible payments shall be based on rates set by the Medicaid Program. A day of service covered in this manner shall be considered a Medicare resident day and shall not be included as a Medicaid resident day in the facility cost report.

SECTION 130. PRICE-BASED NF REIMBURSEMENT METHODOLOGY

- A. The price-based nursing facility reimbursement methodology reflects the differential in wages, property values and cost of doing business in rural and urban designated areas. This results in two standard rates, a standard rate reflecting the lower wages for the rural facilities and a slightly higher rate for the urban facilities.
- B. The rural and urban designated areas are based on the "Metropolitan Statistical Area (MSA) designating the urban population centers based on the national census and updated on a yearly basis, as published by the Federal Office of Management and Budget.
- C. In order to determine the standard rates for urban and rural facilities, the department utilized an analysis of fair-market pricing and historical cost for staffing ratios, wage rates, cost of administration, food, professional support, consultation, and non-personnel operating expenses as a percentage of total cost.
- D. The standard price is comprised of the following components and percentages of the total rate:
 - 1. Personnel 65%

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2. Non-personnel operating 6%
 3. Administration 13%
 4. Food 4%
 5. Professional supports & consultation 2%
 6. Non-capital facility related cost 3%
 7. Capital rate 7%
- E. The standard price shall be re-based every four years and adjusted for inflation every July 1 using the Data Resource Incorporated (DRI) Healthcare Index.
- F. A portion of the standard price for both urban and rural facilities will be adjusted each calendar quarter for "case-mix". The "case-mix" adjusted portion shall include the following:
1. The personnel cost of a:
 - (a) DON-Director of Nursing;
 - (b) RN-Registered Nurse;
 - (c) LPN-Licensed Practical Nurse;
 - (d) Nurse Aide;
 - (e) Activities worker; and
 - (f) Medical records director
 2. The non-personnel operating cost including:
 - (a) Medical supplies; and
 - (b) Activity supplies
- G. The "non-case-mix" portion of the standard price shall not be adjusted for case mix and includes:
1. Administration;
 2. Non-direct care personnel;
 3. Food;
 4. Non-capital facility related costs;
 5. Professional support;
 6. Consultation; and,
 7. Capital cost component.

-
- H. The capital cost component shall be an "add-on" to the "non case-mix" adjusted portion of the rate. The capital cost component shall be adjusted each July 1 by the inflation factor found in the R. S. Means Construction Index.
- I. Ancillaries are services for which a separate charge is submitted and includes:
1. Speech Therapy
 2. Occupational Therapy
 3. Physical Therapy
 4. Oxygen Services
 5. Laboratory
 6. X-ray
- J. Ancillary therapy services are reimbursed pursuant to 907 KAR 1:023.
- K. Oxygen concentrator limitations. Effective October 1, 1991, the allowable cost of oxygen concentrator rentals shall be limited as follows:
1. A facility may assign a separate concentrator to any resident who has needed oxygen during the prior or current month and for whom there is a doctor's standing order for oxygen. For the charge by an outside supplier to be considered as an allowable cost, the charge shall be based upon actual usage. A minimum charge by an outside supplier is allowable if this charge does not exceed twenty-five (25) percent of the Medicare Part B maximum. The minimum charge is allowable if the concentrator is used less than an average of two (2) hours per day during the entire month (for example, less than 60 hours during a thirty (30) day month). The maximum allowable charge by the outside supplier shall not exceed one hundred (100) percent of the Medicare Part B maximum. For the maximum charge to a facility to be considered as the allowable cost, the concentrator shall have been used on average for a period of at least eight (8) hours per day for the entire month (for example, 240 hours during a thirty (30) day month). In those cases where the usage exceeds that necessary for the minimum charge and is less than the usage required for the maximum charge, the reimbursement shall be computed by dividing the hours of usage by

240 and then multiplying the result of this division by the Medicare Part B maximum charge. For example, if a concentrator is used less than 220 hours during a thirty (30) day month and the maximum Part B allowable charge is \$250.00; then the allowable charge is computed by dividing the 220 hours by 240 hours and then multiplying the product of this division by \$250.00 to obtain the allowable charge of \$229.17. Allowable oxygen costs outlined in this paragraph shall be considered to be ancillary costs.

2. A facility shall be limited to one (1) standby oxygen concentrator for each nurses' station. The Medicaid Services Program may grant waivers of this limit. This expense shall be considered as a routine nursing expense for any month in which there is no actual use of the equipment. The allowable cost for standby oxygen concentrators shall be limited to twenty-five (25) percent of the maximum allowable payment under Medicare Part B for in home use.

NOTE: Drugs for residents in nursing facilities shall be reimbursed through the pharmacy program.

L. The department shall adjust the Standard Price if:

1. A government entity imposes a mandatory minimum wage or staffing ratio increase and the increase was not included in the DRI; or
2. A new licensure requirement or new interpretation of an existing requirement by the state survey agency that results in changes that affect all facilities within the class. The provider shall document

that a cost increase occurred as a result of licensure requirement or policy interpretation.

3. The provider shall submit any documentation required by the department.

SECTION 140. PRICE-BASED NF REIMBURSEMENT CALCULATION

- A. For each calendar quarter, based on the classification of urban and rural, the department shall calculate an individual NF's price-based rate to be the sum of:

1. The case-mix adjustable portion of a NF Standard Price, adjusted by the individual NF's current average case-mix index. Except that until June 30, 2000 the average case-mix index shall be the greater of the current average case-mix index or the case-mix average calculated as a ratio of the facility's case-mix index to the statewide average case-mix index that would have been used for January 1, 2000 rate setting. After July 1, 2000 the individual NF's actual average case-mix shall be used in the rate calculation; and
2. The non-case mix adjustable portion of the assigned total Standard Price and the capital cost component.

- B. A capital cost component shall be calculated on an individual facility basis based on the facility appraisal completed in November 1999. Re-appraisal shall be conducted and utilized every five years thereafter, effective with the July 1, 2004 rate setting. The Department shall contract with a certified appraisal company to perform the appraisal using the E.H. Boeckh Valuation System. The appraisal is based on the depreciated replacement value of the individual facility. The same Appraisal Company shall perform any re-appraisal that may be requested by a facility within that five-year period.

Effective with the rate setting period beginning July 1, 2000, the department shall utilize the R. S. Means Construction Index to adjust the capital cost component and the allowable per bed value for inflation.

- C. A facility may request a re-appraisal within the five years should renovations or additions have a minimum total cost of \$150,000 for facilities with more than sixty (60) licensed beds. For facilities having sixty (60) or less licensed beds, the total renovation or addition must be a

minimum total cost of \$75,000. The individual NF shall submit written proof of construction cost to the department in order to request a re-appraisal. The individual NF shall reimburse the department's contracted appraisal company for the cost of the appraisal. The department shall reimburse the facility the cost of the appraisal or re-appraisal upon receipt of a valid copy of the paid invoice from the Appraisal Company.

- D. A capital cost component shall be calculated on an individual facility basis. A capital cost component based on the results of the appraisal shall be the total of the average licensed bed value and ten (10) percent of the licensed bed value for land on which the NF is built. To this sum, add two thousand dollars per licensed bed for equipment. To determine the rate of return for capital cost, multiply the sum of the preceding paragraph by the yield on a thirty (30) year Treasury bond plus a risk factor of two (2) percent. The rate of return shall be no less than nine (9) percent or greater than twelve (12) percent per state fiscal year. The final calculation to determine the individual NF's capital cost component shall be the product of the rate of return calculation divided by the total number of NF bed days as calculated in paragraph D of this section.
- E. To determine the average licensed bed value, the depreciated replacement cost of the NF shall be divided by the total number of licensed beds in the NF with the following limitations:
1. The average bed value shall not exceed \$40,000; and
 2. Shall exclude:
 - (a) Equipment; and
 - (b) Land
- F. NF bed days used in the capital cost rate calculation shall be based on actual bed occupancy, except that the occupancy rate shall not be less than ninety (90) percent of certified bed days.
- G. The department shall utilize a rate of return for capital costs that shall be equal to the yield on a thirty (30) year Treasury bond as of the first business day on or after May 31, 1999 and the first business day on or after May 31 thereafter. Should a change of ownership occur pursuant to 42 CFR 447.253 (2)(d), the new owner shall continue to receive the capital

cost rate of the previous owner unless the NF is eligible for re-appraisal pursuant to section IV B of this manual.

SECTION 150. ON-SITE REVIEWS AND VALIDATION

- A. On a quarterly basis, beginning January 1, 2000 the department shall perform an on-site review of the NF. The review will consist of a minimum of ten (10) percent of the MDS assessments completed by the NF. The department shall validate the MDS assessments by using the Long Term Care Facility Resident Assessment Instrument User's Manual.
- B. Should the department invalidate a NF's MDS, the NF may appeal the findings of the department within seven (7) business days. The department shall receive a written request by the NF that the department reconsider the invalidation. The department shall conduct the second validation with seven (7) business days of receipt of the request and notify the provider in writing of the decision. A provider may appeal the second validation per 907 KAR 1:671, Sections 8 and 9.

SECTION 160. LIMITATION ON CHARGES TO RESIDENTS.

- A. Except for applicable deductible and coinsurance amounts, a NF that receives reimbursement for a Medicaid resident shall not charge a resident or his representative for the cost of routine or ancillary services.
- B. A NF may charge a resident or his representative for an item if the resident requests the item and the NF informs the resident in writing that there will be a charge. A NF shall not charge a resident for an item or service if Medicare or Medicaid pays for the item pursuant to 42 CFR 483.10(c)(8)(ii).
- C. A NF shall not require a resident or an interested party to request any item or services as a condition of admission or continued stay. A NF shall inform the resident or an interested party requesting an item or service that a charge will be made in writing that there will be a charge and the amount of the charge.
- D. A NF may charge a resident for the cost of reserving a bed if requested by resident or interested party after the fourteenth (14th) day of a temporary absence from the facility pursuant to 907 KAR 1:022.

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- E. Durable medical equipment (DME) and supplies shall be furnished by the NF and not be billed to the department under separate DME claim pursuant to 907 KAR 1:474.

SECTION 170. REIMBURSEMENT FOR REQUIRED SERVICES UNDER THE PRE-ADMISSION SCREENING RESIDENT REVIEW (PASRR).

- A. Prior to admission of an individual, a price-based NF shall conduct a level I PASRR in accordance with 907 KAR 1:755, Section 4.
- B. The department shall reimburse a NF for services delivered to an individual if the NF complies with the requirements of 907 KAR 1:755
- C. Failure to comply with 907 KAR 1:755 may be grounds for termination of the NF's participation in the Medicaid Program.

SECTION 180. NF PROTECTION PERIOD AND BUDGET CONSTRAINTS

- A. For the period of January 1, 2000 through June 30, 2002, a NF shall not receive a rate that is less than the rate that was set for the NF pursuant to 907 KAR 1:025E on July 1, 1999, including any capital cost and extenuating circumstance add-ons.
- B. The department shall monitor payments on a monthly basis to ensure that aggregate payments made to NF's do not exceed the appropriated funds in fiscal years 2000 through 2002.
- C. In order to monitor the payments, the department shall on a monthly basis notify the industry's representatives in writing the total payment amount for the preceding month.
- D. The department shall also place on the Medicaid Internet site the amount of payment in aggregate to the NF's for the preceding month and the cumulative amount paid for the current state fiscal year.
- E. For each year of the biennium, NF's shall receive an increase based on the DRI for the standard price and the R. S. Means Construction Index for the capital cost component. Except that a NF receiving less than the Standard Price shall have its rate adjusted for inflation July 1 of each year pursuant to the DRI. A NF shall receive no increase if the facilities rate is greater than the Standard Price including the capital rate component.

SECTION 190. ANCILLARY SERVICES

- A. The department shall reimburse for an ancillary service that meets the criteria established in 907 KAR 1:023 utilizing the corresponding outpatient procedure code rate listed in the Medicaid Physicians Resource Based Relative Value Scale fee schedule.
- B. The department shall reimburse for an oxygen therapy utilizing the durable medical equipment fee schedule.
- C. Respiratory therapy and respiratory therapy supplies shall be considered in the routine services per diem rate.
- D. The department shall calculate an add-on amount in accordance with 907 KAR 1:065, Section 12, to be in effect from November 1, 2003 through June 30, 2004, to a nursing facility's routine services per diem rate if the nursing facility incurred cost providing respiratory therapy or respiratory therapy supplies for the period July 1, 2003 through September 30, 2003.
- E. A nursing facility shall submit documentation requested by the department in order to apply for a routine services per diem add-on in accordance with 907 KAR 1:065, Section 12.

SECTION 200. REIMBURSEMENT REVIEW AND APPEAL

A NF may Appeal department decisions as to the application of this regulation as it impacts the NF's price-based reimbursement rate in accordance with 907 KAR 1:671, Section 8 and 9.

SECTION 210. COST REPORT INSTRUCTIONS FOR PRICE-BASED

All Medicaid Supplemental Schedules must be accompanied by a working trial balance and audited financial statements (if applicable).

SECTION 1. SCHEDULE NF-1 – PROVIDER INFORMATION

Enter in the appropriate information. Choose whether the cost report is in a leap year or a regular 365 day year. Note that the cost report must have an original signature by an officer or administrator of the facility.

SECTION 2. SCHEDULE NF-2 – WAGE AND SALARY INFORMATION

This schedule records a facility's labor costs.

- A. The pay period starting date should be the first day of the first payroll period in the provider's fiscal year. Likewise, the end date shall be the final day of the last payroll period in the fiscal year.
- B. Under wage information, the hours paid includes vacation pay, sick leave, bereavement, shift differential and holidays in *addition to* time engaged in for regular business activity. Hours worked, in contrast, are only those hours that the employee spent at the facility in normal work duties. Wages paid should include all compensation paid to the employee, including time worked, time in training, vacation, and sick time.
- C. Expenses incurred with outside businesses for temporary-nursing staff should be placed under contracted services. For each nursing category, enter the hours worked by the contract employees and the amount charged by the contracting business for wages paid. Hours paid and hours worked will differ only if the contract staff engaged in training while being employed at the facility.
- D. Benefits paid by the facility for *all employees* (nursing staff, administrative, etc.) should be included under Section C: the facility's contribution for health insurance, life insurance, etc. would be listed under these categories.

SECTION 3. SCHEDULE NF- 3- STAFF INFORMATION

On an annual basis the Department for Medicaid Services shall select a seven-day period in which the facility records information regarding their staffing levels and patient days.

- A. Record the number of residents in your facility in the Resident Census section. This includes *only* those full-time residents in the certified nursing facility section.
- B. For each of the staff categories, record the number of staff on duty. Contract staff should be included in this category.
- C. Continue this throughout the seven-day survey period.

-
- F. Column 7. Indirect costs reports the indirect amounts entered in Column 5. Subtract Column 6 from Column 5 and enter the difference. This amount should not be a negative amount.

SECTION 5. SCHEDULE NF-5 – ADJUSTMENTS AND
RECLASSIFICATIONS OF EXPENSES RECLASSIFICATIONS

- A. Reclassification of expenses on Schedule NF-4 shall be entered here. Reclassifications can only be made within Schedule NF-4. A brief description shall be provided for each entry.
- B. Adjustments
This schedule details the adjustments to the expenses listed on Schedules NF-4. Line descriptions indicate the nature of activities that affect allowable costs or that result in cost incurred for reasons other than patient care, and thus require adjustment. The adjusted amount entered in Schedule NF-5, column 2, shall be noted "A" when the adjustment is based on costs. When costs are not determinable, "B" shall be entered in column 2 to indicate that the revenue received for the service is the basis for the adjustment. Column 3 amounts must be entered as positive amounts for increases and negative amounts for decreases. A brief description shall be provided for each entry.

SECTION 6. SCHEDULE NF-6 – ANCILLARY SETTLEMENT

This schedule is designed to determine the Medicaid share of direct and indirect ancillary costs.

- A. Column 2. The direct ancillary cost for each ancillary cost center automatically flows over from Schedule NF-4, column 6
- B. Column 3. The direct costs (column 2) are multiplied by the corresponding Medicaid charge percentages (Schedule NF-7, Section A, Column 3, Lines 1 through 6).
- C. Column 4. Enter the total amount received from the Department for Medicaid Services (including any amount receivable from the Department) for ancillary services rendered to KMAP CNF beneficiaries during the period covered by the cost report.

SECTION 4. SCHEDULE NF- 7 – ALLOCATION STATISTICS

A. Section A – Ancillary Charges

1. Column 1. Enter the total charges for each type of ancillary service on Line 1 through 6. The sum of lines 1 through 6 are totaled on line 7.
2. Column 2. Enter the total charges for each type of ancillary service provided to KMAP patients in certified beds on lines 1 through 6. Lines 1 through 6 a summed and totaled on line 7.
3. Column 3. The Medicaid percentage in column 3 is calculated by dividing KMAP charges in column 2 by total charges in column 1. Percentages shall be carried to four decimal places (*i.e.*, XX.XXXX%).

B. Section B – Occupancy Statistics.
Certified Nursing Facility. Use the Bed Days Available worksheet on Box C to complete lines 1, 2, and 3. For line 4, enter in the Total Patient Days provided to all certified nursing facility residents. On line 6, enter in the KMAP Patient Days.

C. Non-Certified and Other Long-Term Care

1. Lines 1 and 2. Enter the number of licensed beds at the beginning and end of the fiscal year. Temporary changes due to alterations, painting, etc., do not affect bed capacity.
2. Line 3. Total licensed bed days available shall be determined by multiplying the number of beds in the period by the number of days in the period. Take into account increases and decreases in the number of licensed beds and the number of days elapsed since the changes. If actual bed days are greater than licensed bed days available, use actual bed days.
3. Line 4. Total patient days should be entered in.

SECTION 5. SCHEDULE NF- 8 – MISCELLANEOUS INFORMATION

All providers must complete section A and B.

- A. A NF shall submit a Medicare cost report and Medicaid supplement schedule pursuant to HCFA Provider Reimbursement Manual – Part 2 (Pub. 15-11) Section 102, 102.1, 102.3 and 104 included in this manual.
- B. A copy of a NF's Medicare cost report for the most recent fiscal year end.
- C. A completed copy of the Medicaid supplemental schedules included in this manual shall also be submitted with the NF's Medicare cost report.
- D. A cost report's financial data related to routine services shall be used for statistical purposes.

**SCHEDULE NF-1
PROVIDER INFORMATION**

Attachment 14.9 D
Exhibit B
Page 21 - A

PRIMER NAME:

PROVIDER NUMBER:

Period from

to

Leap Year ☐

365 ☐

664

Street Address:

P.O. Box:

City:

State:

Zip Code:

Phone:

()

Fax:

()

on by Officer of Facility

IY CERTIFY that I have examined the accompanying Kentucky

Cost Report for the period ended 01/01/2000

to the best of my knowledge and belief, they are true and
statements prepared from the books and records of 0
in accordance with applicable program directives, except as noted.

(Print)

Officer or Administrator of Facility

(Signed)

Officer or Administrator of Facility

Title

TN# 00-04

Supersedes

TN# 96-10

Approved

AUG 10 2001

Eff. Date 1-1-00

SCHEDULE NF-2 **WAGE AND SALARY INFORMATION**

PROVIDER NAME:
PROVIDER NUMBER:

FYE: 01/01/2000

Pay period start date: _____ End date: _____

A. Wage Information

Cost Category	Hours Paid	Hours Worked	Wages Paid
A. RN	0	0	\$0
B. LPN	0	0	\$0
C. Aides	0	0	\$0
D. Director of Nursing	0	0	\$0
E. Activities	0	0	\$0
F. Medical Records	0	0	\$0
G. Dietary	0	0	\$0
H. Housekeeping/Laundry	0	0	\$0
I. Social Services	0	0	\$0
J. Maintenance	0	0	\$0
Total	0	0	\$0

B. Contracted Services

Cost Category	Hours Paid	Hours Worked	Wages Paid
A. RN	0	0	\$0
B. LPN	0	0	\$0
C. Aides	0	0	\$0
Total	0	0	\$0

C. Benefits Paid for by Nursing Facility

	Totals taken from FYE 01/01/2000
Health Insurance	\$0
Life Insurance	\$0
Retirement	\$0
Workers Compensation	\$0
FICA	\$0
Total	\$0

AUG 10 2001

TN# 00-04
Supersedes
TN# 96-10

Approved _____

Eff. Date 1-1-00

**SCHEDULE NF-3
STAFF INFORMATION**

FYE: 01/01/2000

PROVIDER NAME:
PROVIDER NUMBER:

	Number of Patient Days						
	09/13/99	09/14/99	09/15/99	09/16/99	09/17/99	09/18/99	09/19/99
	0	0	0	0	0	0	0
Patient Census	0	0	0	0	0	0	0
Staff Category	Number of Staff on Payroll						
	09/13/99	09/14/99	09/15/99	09/16/99	09/17/99	09/18/99	09/19/99
	0	0	0	0	0	0	0
RN	0	0	0	0	0	0	0
RN Staffing - Day	0	0	0	0	0	0	0
RN Staffing - Evening	0	0	0	0	0	0	0
RN Staffing - Overnight	0	0	0	0	0	0	0
LPN	0	0	0	0	0	0	0
LPN Staffing - Day	0	0	0	0	0	0	0
LPN Staffing - Evening	0	0	0	0	0	0	0
LPN Staffing - Overnight	0	0	0	0	0	0	0
Aides	0	0	0	0	0	0	0
Aide Staffing - Day	0	0	0	0	0	0	0
Aide Staffing - Evening	0	0	0	0	0	0	0
Aide Staffing - Overnight	0	0	0	0	0	0	0
Food Service	0	0	0	0	0	0	0
Food Service Workers - Day	0	0	0	0	0	0	0
Food Service Workers - Evening	0	0	0	0	0	0	0
Support Personnel	0	0	0	0	0	0	0
Housekeeping/Laundry Service Workers	0	0	0	0	0	0	0
Social Services Worker	0	0	0	0	0	0	0
Activities Worker	0	0	0	0	0	0	0
Medical Records Worker	0	0	0	0	0	0	0
Maintenance Worker	0	0	0	0	0	0	0
Director of Nursing	0	0	0	0	0	0	0

Eff. Date 1-1-00

Approved AUG 10 2001

TN# 00-04

Supersedes

TN# 00-04

PROVIDER NAME:
PROVIDER NUMBER:
(1)

FYE: 01/01/2000

<u>X-Riv</u>	
12	Professional Salaries
13	Other Salaries
14	<i>Subtotal-Salaries</i>
15	Employee Benefits Reclassification
16	Supplies
17	Equipment Depreciation
18	Other Expenses
19	<i>Total</i>

Laboratory

20	Professional Salaries	
21	Other Salaries	
22	Subtotal-Salaries	
23	Employee Benefits Reclassification	
24	Supplies	
25	Equipment Depreciation	
26	Other Expenses	
27	Total	

(2)	(3)	(4)	(5)	(6)	(7)
Per Books	Reclas- sifications	Adjust- ments	Adjusted Balance	Direct Costs	Indirect Costs
	0	0	0	0	
	0	0	0	0	
	0	0	0	0	
	0	0	0	0	
0	0	0	0	0	
	0	0	0	0	
	0	0	0	0	
	0	0	0	0	
	0	0	0	0	
0	0	0	0	0	
	0	0	0	0	
	0	0	0	0	
	0	0	0	0	
	0	0	0	0	
0	0	0	0	0	
	0	0	0	0	
	0	0	0	0	
0	0	0	0	0	
	0	0	0	0	
	0	0	0	0	
	0	0	0	0	
	0	0	0	0	
0	0	0	0	0	
	0	0	0	0	
	0	0	0	0	
0	0	0	0	0	
	0	0	0	0	
	0	0	0	0	
	0	0	0	0	
	0	0	0	0	
0	0	0	0	0	

¹ The direct ancillary costs of physical, occupational, speech, and respiratory therapy includes only those costs of equipment used exclusively for the specified therapy service, and the salary costs, excluding the wages, of qualified therapy personnel who perform the service under the on-site supervision of qualified therapy personnel.

TN# 00-04
Supersedes
TN# 96-10

**SCHEDULE NF-4
ANCILLARY COSTS**

FYE:

PROVIDER NAME:
PROVIDER NUMBER:
(1)

	(2) Per Books	(3) Reclass- ifications	(4) Adjust- ments	(5) Adjusted Balance	(6) Direct ¹ Costs	(7) Indirect Costs
<u>Oxygen/Respiratory Therapy</u>						
28 Respiratory Therapist Salaries		0	0	0	0	0
29 Respiratory Therapist Assistant Salaries		0	0	0	0	0
30 Respiratory Therapist Aide Salaries		0	0	0	0	0
31 Other Salaries		0	0	0	0	0
32 Subtotal-Salaries	0	0	0	0	0	0
33 Employee Benefits Reclassification		0	0	0	0	0
34 Supplies		0	0	0	0	0
36 Equipment Depreciation		0	0	0	0	0
36 Other Expenses		0	0	0	0	0
37 Other Expenses		0	0	0	0	0
38 Total	0	0	0	0	0	0
<u>Speech</u>						
39 Professional Salaries		0	0	0	0	0
40 Other Salaries		0	0	0	0	0
41 Subtotal-Salaries	0	0	0	0	0	0
42 Employee Benefits Reclassification		0	0	0	0	0
43 Equipment Depreciation		0	0	0	0	0
44 Other Expenses		0	0	0	0	0
45 Other Expenses		0	0	0	0	0
46 Total	0	0	0	0	0	0
<u>Occupational Therapy</u>						
47 Professional Salaries		0	0	0	0	0
48 Other Salaries		0	0	0	0	0
49 Subtotal-Salaries	0	0	0	0	0	0
50 Employee Benefits Reclassification		0	0	0	0	0
51 Equipment Depreciation		0	0	0	0	0
52 Other Expenses		0	0	0	0	0
53 Other Expenses		0	0	0	0	0
54 Total	0	0	0	0	0	0

¹ The direct ancillary costs of physical, occupational, speech, and respiratory therapy includes only those costs of equipment used exclusively for the specified therapy service, and the salary costs, excluding fringe benefits, of qualified therapy personnel who perform the service under the on-site supervision of qualified therapy personnel.

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TN# 96-10

SCHEDULE NF-5
ADJUSTMENTS AND RECLASSIFICATIONS TO NF-4

PROVIDER NAME:
PROVIDER NUMBER:

FYE: 01/01/2000

RECLASSIFICATIONS

(1) Line	(2) Increase Amount	(3) Decrease Amount	(4) Sch. & Line # Affected (e.g. NF4-1)
Explanation			
1			
2			
3			
4			
5			
6			
7			
8			

ADJUSTMENTS

(1) Line	(2) * Basis for Adjustment (A) or (B)	(3) Amount	(4) Sch. & Line # Affected (e.g. NF4-1)
Explanation			
1			
2			
3			
4			
5			
6			
7			
8			

* (A) COST (B) REVENUE

**SCHEDULE NF-6
ANCILLARY SETTLEMENT**

PROVIDER NAME:
PROVIDER NUMBER:

FYE: 01/01/2000

- (1)
- 1 Physical Therapy
 - 2 X-Ray
 - 3 Laboratory
 - 4 Oxygen/Respiratory Therapy
 - 5 Speech
 - 6 Occupational Therapy
 - 7 *Total*

(2) Direct (From Sch. NF-4, Col.6)	(3) Medicaid Direct	(4) Medicaid Payments	(5) Receivable From KMAP (Payable To KMAP)
0	0		0
0	0		0
0	0		0
0	0		0
0	0		0
0	0		0
0	0	0	0

Eff. Date 1-1-00

Approved AUG 10 2001

TN# 00-04
Supersedes
TN# 96-10

PROVIDER NAME:
PROVIDER NUMBER:

FYE: 01/01/2000

NONILLARY CHARGES	(1)	(2)	(3)
	TOTAL	MEDICAID	MEDICAID %
PHYSICAL THERAPY	\$0	\$0	0.0000%
RAY	\$0	\$0	0.0000%
LABORATORY	\$0	\$0	0.0000%
HYGEN/RESP. THERAPY	\$0	\$0	0.0000%
TECH	\$0	\$0	0.0000%
OCCUPATIONAL THERAPY	\$0	\$0	0.0000%
TOTAL	\$0	\$0	0.0000%

OCCUPANCY STATISTICS	(1)	(2)	(3)
	CERTIFIED NURSING FACILITY	NON- CERTIFIED NURSING FACILITY	OTHER LONG-TERM CARE
LICENSED BEDS AT BEGINNING OF PERIOD	0	0	0
LICENSED BEDS AT END OF PERIOD	0	0	0
TOTAL DAYS AVAILABLE	0	0	0
TOTAL PATIENT DAYS	0	0	0
% OCCUPANCY	0	0	0
MAP PATIENT DAYS	0		
% KMAP OCCUPANCY	0		

[illegible]

SCHEDULE NF-8
MISCELLANEOUS INFORMATION

PROVIDER NAME:
PROVIDER NUMBER:

FYE: 01/01/2000

Current Ownership

Indicate the current owners and the percent owned. If the facility is corporately owned, indicate officers of the company and their respective title.

Name	Percent Owned

Has the facility had a change of ownership in the past fiscal year?
Change of ownership is defined as the transfer of the assets of a facility. The sale of stock in a facility does not constitute a change of ownership.

Yes ☐

No ☐

Indicate the new owners and the percent owned. If the facility is corporately owned, indicate officers of the company and their respective title.

Name	Percent Owned

State: KentuckyAttachment 4.19-D
Exhibit B
Page 22

SECTION 220. INTRODUCTION TO COST-BASED REIMBURSEMENT SYSTEM

- A. The Department for Medicaid Services has established a prospective reimbursement system for costs-based facilities. Cost based facilities include the following:

1. Institutions for Mental Diseases (IMD's);
2. Pediatric Nursing Facilities; and
3. Intermediate Care facilities for the Mentally Retarded and Developmentally Disabled (ICF/MR/DD).

The reimbursement methodology for the facilities listed is outlined here. Also included in this section are the facilities that are reimbursed by all-inclusive rates. The payment method is designed to achieve two major objectives: 1). To assure that needed facility care is available for all eligible recipients including those with higher care needs and, 2). To assure Department for Medicaid Services control and cost containment consistent with the public interest and the required level of care.

- B. This cost-based system is designed to provide a reasonable return in relation to cost but also contains factors to encourage cost containment. Under this system, payment shall be made to facilities on a prospectively determined basis for routine cost of care with no year-end adjustment required other than adjustments which result from either desk reviews or field audits.
- C. Ancillary services as defined, shall be reimbursed on a cost basis with a year-end retroactive settlement. As with routine cost, ancillary services are subject to both desk reviews and field audits that may result in retroactive adjustments.
- D. The basis of the prospective payment for routine care cost is the most recent annual cost report data (available as of May 16) trended to the beginning of the rate year and indexed for the prospective rate year. The routine cost is divided into two major categories: Nursing Services Cost and All Other Cost.
- E. The payment system also contains various restrictions on allowable costs that are designed to assure that Medicaid payment is limited to the cost of providing adequate resident care.

SECTION 230. PARTICIPATION REQUIREMENTS

PARTICIPATION REQUIREMENTS. Cost-based facilities participating in the Department for Medicaid program shall be required to have at least twenty (20) percent of its beds but not less than ten (10) beds; for a facility with less than ten (10) beds, all beds participate in the Medicare Program.

SECTION 240. REIMBURSEMENT FOR REQUIRED SERVICES UNDER THE PRE-ADMISSION SCREENING RESIDENT REVIEW (PASRR) FOR VENTILATOR UNITS, BRAIN INJURY UNITS, IMD'S, AND PEDIATRIC FACILITIES.

- A. Prior to admission of an individual, a nursing facility shall conduct a level I PASRR in accordance with 907 KAR 1:755, Section 4.
- B. The department shall reimburse a nursing facility for services delivered to an individual if the facility complies with the requirements of 907 KAR 1:755
- C. Failure to comply with 907 KAR 1:755 may be grounds for termination of nursing the facility participation in the Medicaid Program.

SECTION 250. LIMITATION ON CHARGES TO RESIDENTS.

- F. Except for applicable deductible and coinsurance amounts, a NF that receives reimbursement for a Medicaid resident shall not charge a resident or his representative for the cost of routine or ancillary services.
- G. A NF may charge a resident or his representative for an item if the resident requests the item, the NF informs the resident in writing that there will be a charge. A NF shall not charge a resident for an item or service if Medicare or Medicaid pays for the item pursuant to 42 CFR 483.10(c)(8)(ii).
- H. A NF shall not require a resident or an interested party to request any item or services as a condition of admission or continued stay. A NF shall inform the resident or an interested party requesting an item or service that a charge will be made in writing that there will be a charge and the amount of the charge.

- I. A NF may charge a resident for the cost of reserving a bed if requested by resident or interested party after the fourteenth (14th) day of a temporary absence from the facility pursuant to 907 KAR 1:022.
- J. Durable medical equipment (DME) and supplies shall be furnished by the NF and not be billed to the department under separate DME claim pursuant to 907 KAR 1:474.

SECTION 260. ROUTINE COST

- A. Routine costs are broken down into two major categories: Nursing Service costs and All Other costs. Routine Cost includes all items and services routinely furnished to all residents.
- B. NURSING SERVICES COSTS. The direct costs associated with nursing services shall be included in the nursing service cost category. These costs include:
 - 1. Costs of equipment and supplies that are used to complement the services in the nursing services cost category;
 - 2. Costs for education or training including the cost of lodging and meals of nursing service personnel. Educational costs are limited to either meeting the requirements of laws or rules or keeping an employee's salary, status, or position or for maintaining or updating skills needed in performing the employee's present duties;
 - 3. The salaries, wages, and benefits of persons performing nursing services including salaries of the director of nursing and assistant director of nursing, supervising nurses, medical records personnel, registered professional nurses, licensed practical nurses, nurse aides, orderlies, and attendants;
 - 4. The salaries or fees of medical directors, physicians, or other Professionals performing consulting services on medical care which are not reimbursed separately; and
 - 5. The costs of travel necessary for training programs for nursing personnel required to maintain licensure, certification or professional standards.
 - 6. Nurse aide training costs billable to the program as an administrative cost are to be adjusted out of allowable cost.

B. ALL OTHER COSTS. Costs reported in the All OTHER COST category includes three major cost centers as reported on the annual cost report: Other Care-Related Cost, Other Operating Costs, Indirect Ancillary Costs, and Capital Costs.

1. Other Care-Related Costs. These costs shall be reported in the other care-related services cost category:
 - a. Raw food costs, not including preparation;
 - b. Direct costs of other care-related services; such as social services and resident activities;
 - c. The salaries, wages, and benefits of activities' directors and aides, social workers and aides, and other care-related personnel including salaries or fees of professionals performing consultation services in these areas which are not reimbursed separately under the Medicaid program;
 - d. The costs of training including the costs of lodging and meals to meet the requirements of laws or rules for keeping an employee's salary, status or position, or to maintain or update skills needed in performing the employee's present duties.
2. Other Operating Costs. The costs in this category shall include the supplies, purchased services, salaries, wages and benefits for:
 - a. Dietary Services
 - b. Laundry services including the laundering of personal clothing which is the normal wearing apparel in the facility. The cost of dry cleaning personal clothing, even though it is the normal wearing apparel in the facility, is excluded as an allowable cost. Providers shall launder institutional gowns, robes and personal clothing which is the normal wearing apparel in the facility without charge to recipients. The recipient or responsible party may at their discretion makes other arrangements for the laundering of personal clothing.
 - c. Housekeeping
 - d. Plant Operation and Maintenance
 - e. General and Administrative Services
3. Capital Costs. The costs in this category shall include:

- a. Depreciation on building and fixtures
 - b. Depreciation on equipment
 - c. Capital related interest expense
 - d. Rent
4. Indirect Ancillary Costs. Indirect ancillary costs are those costs associated with ancillary departments (including fringe benefits).

SECTION 270. ANCILLARY SERVICES

- A. Ancillaries are services for which a separate charge is submitted and include:
1. Respiratory Therapy
 2. Speech Therapy
 3. Occupational Therapy
 4. Physical Therapy
 5. Oxygen Service
 6. Laboratory
 7. X-ray
- B. Ancillary therapy services are reimbursed pursuant to 907 KAR 1:023.
- C. Psychological and psychiatric services shall be billed as an ancillary service by an ICF-MR/DD.

NOTE: Effective October 1, 1990 drugs for residents in Cost-Based Facilities shall be reimbursed through the pharmacy program.

- D. Oxygen concentrator limitations. Effective October 1, 1991, the allowable cost of oxygen concentrator rentals shall be limited as follows:
1. A facility may assign a separate concentrator to any resident whom has needed oxygen during the prior or current month and for whom there is a doctor's standing order for oxygen. For the charge by an outside supplier to be considered as an allowable cost, the charge shall be based upon actual usage. A minimum charge by an outside supplier is allowable if this charge does not exceed twenty-five (25) percent of the Medicare Part B maximum. The minimum

charge is allowable if the concentrator is used less than an average of two (2) hours per day during the entire month (for example, less than 60 hours during a thirty (30) day month). The maximum allowable charge by the outside supplier shall not exceed one hundred (100) percent of the Medicare Part B maximum. For the maximum charge to a facility to be considered as the allowable cost, the concentrator shall have been used on average for a period of at least eight (8) hours per day for the entire month (for example, 240 hours during a thirty (30) day month). In those cases where the usage exceeds that necessary for the minimum charge and is less than the usage required for the maximum charge, the reimbursable shall be computed by dividing the hours of usage by 240 and then multiplying the result of this division by the Medicare Part B maximum charge (for example, if a concentrator is used less than 220 hours during a thirty (30) day month and the maximum Part B allowable charge is \$250.00; then the allowable charge is computed by dividing the 220 hours by 240 hours and then multiplying the product of this division by \$250.00 to obtain the allowable charge of \$229.17). Allowable oxygen costs outlined in this paragraph shall be considered to be ancillary costs.

3. A facility shall be limited to one (1) standby oxygen concentrator for each nurses' station. The Medicaid Services Program may grant waivers of this limit. This expense shall be considered as a routine nursing expense for any month in which there is no actual use of the equipment. The allowable cost for standby oxygen concentrators shall be limited to twenty-five (25) percent of the maximum allowable payment under Medicare Part B for in home use.

SECTION 280. INFLATION FACTOR

The inflation factor index shall be used in the determination of the prospective rate shall be established by the Department for Medicaid Services. The index shall be based on Data Resources, Inc. The index represents an average inflation rate for the year and shall have general applicability to all facilities.

The inflation factor shall be applied to nursing services costs and all other costs excluding capital costs.